



Military Service and your PERSI Benefits

**If your PERSI employment is interrupted by military service,
you retain your PERSI Base
and Choice Plan 401(k) benefits.**

**You may even earn PERSI Base Plan credit
for your period of active duty without making PERSI contributions.**

- **Earning Base Plan Military Service**
- **How Military Duty Affects Choice Plan 401(k)
Contributions and Loans**
- **PERSI Death Benefits and Military Service**
- **Disability Benefits and Military Service**

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PERSI Base Plan

Earning PERSI credit for active duty without paying contributions

For PERSI purposes, "Military Service" is any active duty in the United States armed forces, including the national guard and reserves, which interrupts your PERSI service.

You may earn PERSI credit for the period while you are on active duty. You do not have to pay contributions to receive credit for eligible military service.

You may earn PERSI credit for the period while you are on active duty if:

- you begin service within 90 days of leaving PERSI-covered employment, and
- you return to PERSI employment within 90 days of release from active duty

Your PERSI contributions cease when you leave PERSI-covered employment.

Military service may not exceed five years if it is at the convenience of the U.S. government, or four years if you voluntarily extend your duty.

Military service does not include any period of active duty which ends in dishonorable discharge, or any period in which you could have chosen to discontinue active duty.

Earning PERSI credit if you continue to receive salary

Although you are entitled to credit for military service at no charge, some employers may continue to pay full or partial salary while you are on active duty.

Full-time salary

If your employer pays wages equivalent to more than 15 days per month or 20 hours per week, both member and employer contributions are required and you will receive regular service credit for the month.

Part-time salary

If your employer pays wages equivalent to less than 15 days per month or 20 hour per week, contributions are not required on the salary, and you will be eligible for military service credit.

PERSI credit if you withdraw your Base Plan funds

If you are called to active duty, terminate your employment and withdraw your PERSI Base Plan funds as a Separation Benefit, you cannot receive the military service credit even if you return to your employer within 90 days after leaving the military.▯ This is because the separation benefit negates your "employee" status prior to the military service.

You may, however, regain your military member service credit by repaying the entire separation benefit if you return to PERSI employment and meet all other requirements

for military service. Partial credit may never be given, partial military service is never given, and full military service credit may not be given until repayment is completed.

Repayments to PERSI suspended during military service

If you are making payments to PERSI to repay a Separation Benefit, they may be suspended during military service. Once you return from active duty, payments will resume. Interest due on the loan will continue to accrue but will be capped at 6% during military service. You must provide a copy of your military orders no later than 180 days after the military service ends. The interest rate will then be reduced to 6% retroactive to the date you received military orders to report to duty (not the date you actually report to duty.)

Class of PERSI service

PERSI has two membership classes: General member and Police/Firefighter. Military service is awarded at the same employee class under which you were working when called into the military. If you were a general member when entering the military, but return to employment as a police member, your military service will be awarded as a general member.

PERSI Choice Plan 401(k)

Continuing contributions into the 401(k)

If you wish to continue making voluntary pre-tax contributions to the 401(k) while serving, you may do so if your employer continues to pay you salary that is equal to 20 or more hours per week.

Making up for missed contributions

You may make up your voluntary pre-tax contributions to the Choice Plan 401(k) missed while on qualified military service if you return to work upon release from active duty. The time frame in which you must return to work depends on your length of service. Check with your employer to ensure you are within the required timeframe.

You may make up any amount up to the limit not used during the applicable year. For example: If the annual limit was \$13,000 and you contributed \$2,000 before your military service, you may make up \$11,000 for the year.

You have three times the period of military service or up to five years, whichever is less, to make up the contributions. Such contributions do not count against your annual contribution limits during the make up period.

Loan repayments

If you took a loan from your PERSI Choice Plan 401(k) and are in the process of repaying

the loan, you may continue to make payments if you continue to receive salary from your employer that is equal to 20 or more hours per week.

Or, you may suspend your repayments during any period of qualified military service. Once you return from active duty payments will resume. Interest due on your loan will continue to accrue but may be capped at 6% during military service. You must request the 6% cap and provide a copy of your military orders no later than 180 days after the military service ends. The interest rate will then be reduced to 6% retroactive to the date you received military orders to report to duty (not the date you actually report to duty.)

Employer contributions and Gain Sharing

You may be eligible to receive employer contributions and PERSI gain sharing (if any) while you are on qualified military service. To be eligible for any gain sharing distributions during your service, make sure that your employer sends a copy of your orders to PERSI prior to your leave of absence. (Gain sharing is not likely to occur in 2004.)

Death Benefits if You Are Killed in Action

PERSI Base Plan

Non-Vested Members

If you have less than 60 months of PERSI service (including military service), your designated beneficiary will receive a lump sum death benefit consisting of your Base Plan contributions plus interest.

Vested Members

If you die with 60 months or more of PERSI service (including military service), there are two options:

- Your beneficiary may receive two times your Base Plan account balance (contributions + interest) x 2, or
- If you have a surviving spouse, your beneficiary may choose to waive their Base Plan lump sum death benefit to instead have a monthly allowance paid to your surviving spouse for his or her lifetime. If your spouse is your beneficiary, he or she may also elect the monthly allowance.

The amount of the monthly allowance is based on your age at death, that of your spouse, your total months of service and your average monthly salary. The allowance will be paid as calculated under Option 1, 100% Contingent Annuity Allowance.

In all cases, your beneficiary and surviving spouse will be notified of the value of the choices available.

PERSI Choice Plan 401(k)

Months of service are not considered for Choice Plan death benefits. If your beneficiary is your surviving spouse, he or she may select from a variety of payment options including monthly installments or a lump sum payment. If your beneficiary is not your spouse, he or she will receive a lump sum payment consisting of your account balance.

Disability Benefits if You Are Injured in Action

PERSI Base Plan

Disabilities resulting from service in the Armed Forces or from an intentionally self-inflicted injury are excluded from a PERSI Base Plan disability retirement benefit. However, if you are no longer employed by a PERSI employer, and if you wish, you may withdraw your Base Plan account balance plus interest.

PERSI Choice Plan 401(k)

The PERSI Choice Plan does not have disability benefits. However, your disability may be what's called a "distributable event" meaning you may be able to take a payment of your account balance without early withdrawal penalties.

If you end PERSI covered employment, you may withdraw your Choice Plan 401(k) funds. The withdrawal options available depend on your age and account balance.

Continuing NCPERS Life Insurance During Service

If you participate in the NCPERS group term life insurance program as an active PERSI member, you may continue it during military service. Coverage may be continued as long as premiums are paid during your service. The coverage will be for single life benefits only. Double indemnity for accidental death and dismemberment will not be covered. Spouses and children will continue to be covered.

PERSI does not administer the NCPERS program. For enrollment information, contact your payroll clerk at work or call Gallagher Benefit Administrators at 1-800-525-8056.

□

Questions

For Choice Plan information, contact Mellon.

Toll free phone

1-866-ID-PERSI

Website

www.persi.state.id.us/Choice.htm

For Base Plan information, contact your area PERSI office.

Boise

208-334-3365 or 1-800-451-8228

Pocatello

208-236-6225 or 1-800-762-8228

Coeur d'Alene

208-769-1474 or 1-800-962-8228

E-mail

E-mail our front desk at fdesk@persi.state.id.us

Website

www.persi.state.id.us

Information in this brochure is based on 2004 law. This publication is meant to explain PERSI law as simply and accurately as possible. If there is any discrepancy between this publication and the law, the provisions of the law will prevail.

Firefighters' Retirement Fund, Idaho Falls City Police and Boise City Police members may have different benefits - contact PERSI for information.